GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:370
ANSWERED ON:01.03.2002
WAYS AND MEANS ADVANCES
JASWANT SINGH BISHNOI;TRILOCHAN KANUNGO

Will the Minister of FINANCE be pleased to state:

(a) the number of days each of the States has availed ways and Means Advances and taken resort to overdrafts during fiscal 2000-2001 and 2001-2002 till January 31, 2002;

(b) the amount of interest during each of last three years e nding 2000-2001 of each of the States on Ways and Means Advances and overdrafts;

(c) whether the Government are planning to bail out chronically deficit affected States i.e. States having deficits on revenue account for continuously more than ten years ending 2000-2001;

(d) if so, the details thereof; and

(e) if not, the alternative arrangement Union Government are contemplating for survival of such deficit States?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): Transactions between a State and the RBI is conductedas per an agreement between the two. Since disclosure of information on Overdrafts by the States impinges upon the relationship between the banker and the clients (between the RBI and the State Governments), such information is not published/made public by the Government of India.

(c): There is no such proposal under consideration of the Government.

(d): Does not arise.

(e): Government of India has created a Fiscal Reform Facility for1999-2000 to 2004-2005 as recommended by Eleventh Finance Commission(EFC) for incentivising States to undertake fiscalreforms. An Incentive Fund has been constituted and release to States from this Fund are based on improvements in their Revenue Deficit/Surplus position. However, in order to meet temporary mismatches in the revenue receipts and revenue expenditure, ways & means advance from Government of India is available to States. Besides, Government of India also releases in advance feasiblemonthly entitlements of the States for the year where necessary.